

SECRET

PSV

14 April 1959

MEMORANDUM FOR: Chief, Psychological and Paramilitary Staff

SUBJECT: Current Status of Project LOCASSOCK

1. As you know from recent cable traffic, the German Station has been negotiating with the Federal Republic All-German Affairs Ministry concerning subject project for the purpose of making the Ministry coreponsible for the project politically and financially. The most recent advice from the German Station (DCM 8312, 27 March 1959) indicates that these negotiations have been successful and that the Ministry is prepared to make a total of DM 100,000 available during the next twelve months. Tentative agreement has also been reached regarding the nature and scope of the project's future activities.

2. While this basic agreement has been reached, it is unlikely that the Field will be able to prepare the redocumentation of subject project prior to the due date for FY 1960 renewal actions. It is intended, therefore, to continue to operate in the interim under the project authority for FY 1958 (the FY 1959 renewal request was returned by PF Staff in view of the fact that the German Station's then upcoming negotiations with the Ministry were obviously going to result in new terms of reference for the project). We shall process an amended project outline for renewal as soon as the details have been worked out with the Ministry.

3. A proposed budget of \$ - - for subject project has been written into the FY 1960 Operational Program.

C/EE/G/E

CONCUR: Chief, EE/Germany

cc EE/CCP/PP

DDP/EE/G/E-4/ - new

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LOCASSOCK/1

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Remarks: Have abbreviated this considerably in draft now with C/EE/G. Pbs hold on to this, tho, against the possibility he wants one more in line w/ this.			
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Remarks: How're you coming with draft of interim memo to PP Staff on LCCASOCK redocumentation?			
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MEMORANDUM FOR: Chief, Psychological and Paramilitary Staff

SUBJECT: Status of Project LCCASSOCK

1. As a result of basic disagreements on the future direction of Project LCCASSOCK no re-documentation was prepared for Fiscal Year 1959. Primarily in order to allow the maximum time to adjudicate these differences of opinion ~~on the~~ ~~subject~~ we considered it preferable to allow the project to continue temporarily under the existing LCCASSOCK project authority, *a course of action concurred in by C/PP.*

2. In the last quarter of FY1958, the Berlin Base undertook to convert the publication of the LCCASSOCK Jazz magazine from a purely subsidy operation into a commercial venture through the institution of a sales campaign in West Germany. Since our distribution of this Jazz magazine in West Germany is not a PP objective, the attempt at commercialization was justified as giving ~~the~~ LCCASSOCK the appearance of a legitimate commercial organization and, as such making it less vulnerable to attack by the opposition and more attractive to Federal Republic agencies. Headquarters felt, on the contrary, that 1) being a revealed operation employing no agents in East Germany, LCCASSOCK is relatively immune to East German harassment, 2) subsequent events have given sufficient indication of FedRep interest notwithstanding LCCASSOCK viability or apparent legitimacy, and 3) the magazine would never be able to support or cover other than the Jazz magazine itself and would therefore provide relatively little authentication for the propaganda output of the project. In addition the effort was not as commercially successful as anticipated and the break-even point is no longer felt to be predictable but is unlikely to occur before 1960 at best.

3. Although the FY 1958 approval of LCCASSOCK rested on the understanding that the budget for FY 1959 would be reduced to \$ it became apparent that the project could not carry out a meaningful operational program on the \$ ^{budget.} ~~approved~~ An amendment to increase the allotment by \$ was requested and approved. The

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field was informed but was told that the LCCASSOCK budget ceiling for FY1960 would be \$75,000 and that plans should be initiated immediately to operate within this figure.

4. At such time as agreement on outstanding LCCASSOCK problems is reached a complete re-documentation will be prepared. Since we do not now believe that these problems and questions can be resolved prior to the due date for FY 1960 renewals, we intend at that time to submit a full Project Outline incorporating changes resulting from further Headquarters/Field discussions and including reference to official German participation in the project as applicable.